

OIL SANDS MEDIA MONITORING REPORT

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CanadaWest
FOUNDATION

Our Vision
A dynamic and prosperous West in a strong Canada.

Our Mission
A leading source of strategic insight, conducting and communicating non-partisan economic and public policy research of importance to the four western provinces and all Canadians.

Overview

Oil sands media coverage significantly increased in September, with over 140 more stories posted compared to August. This boost was driven by a sharp increase in positive economic news and a greater surge of negative environmental coverage.

The two main story focuses in September were Greenpeace and the state-owned Chinese oil company PetroChina. Greenpeace released a report written by Andrew Nikiforuk on the greenhouse gas emissions of the oil sands, then began a series of protests in which activists chained themselves to equipment at oil sands sites. Between the report and the protests, Greenpeace's anti-oil sands activities accounted for nearly half of the negative environmental coverage in September. PetroChina was dominant on the economic side: the company's \$1.9 billion purchase into the oil sands at the end of August and speculation as to its effects

and consequences was the largest economic oil sands story of the month.

As in recent months, environmental stories about the oil sands were mainly negative while economic stories were mostly positive, but in September both gaps increased even further. There was a surge in negative environmental stories with no notable increase in positive stories. Economic news had a smaller jump in positive stories, with no increase in negative stories. There were, however, significantly more neutral economic stories on the internet, mostly dealing with PetroChina.

Key Stories

On the economic front, the story of note continued to be PetroChina's \$1.9 billion deal with Athabasca Oil Sands Corp. Announced at the end of August, the deal received national, international and web coverage well into September. Reactions remain mixed on China's entry into Canada's oil sands. Canadian outlets frequently saw it as positive, a sign of confidence in the oil sands that has sparked further investment. Much of the internet coverage was neutral, either simply reporting that the deal took place or balancing the positive aspects (growth in the oil patch, expanded market options) with the negative (China's human rights record, questions regarding security of Canada and its resources).

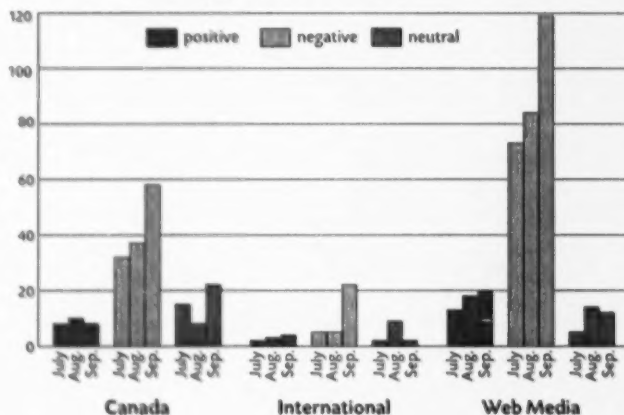
Methodology

The media monitoring process used for this report made use of the Google search engine's Google Alerts feature. Each day, the Google engine searched the internet for related stories and delivered the hits in an email. Three search terms were used to guide the internet searches: "oil sands," "oilsands" and "tar sands." The vast majority of sites criticising the oil sands use the more pejorative term "tar sands," so in order to receive a more complete snapshot of public opinion the term was included in the search. Also included in the search was the French term for oil sands, "sables bitumineux," in order to bring in stories from the French language media.

This process brought in several hundred items: once re-posts and stories not connected or only peripherally connected to the oil sands were weeded out, there remained a total of 386 stories over the course of September 2009. These stories were gathered from blogs, environmental and economic websites and media outlets reaching audiences around Canada and the world.

The stories were analyzed and broken into two categories: environmental and economic. Stories that portrayed the oil sands in a positive light through their contribution to the Canadian economy, value to energy security or advances in efficiency, or stories in which corporations and governments defend the development of the oil sands were classified as "positive." Stories whose focus was on the costs of oil sands development such as carbon emissions, water use, job loss or falling stock prices, or stories that called attention to such costs without also presenting the benefits of the oil sands were classified as "negative." Stories that discussed the oil sands without comment on their costs or benefits, or which discussed both equally, were classified as "neutral."

Environmental stories (July-September 2009)



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OIL SANDS
MEDIA MONITORING REPORT

There was some questioning as to what China purchasing oil from Canada will mean to United States energy security, but this was often dismissed as the consequence of the US waffling on committing to the oil sands due to concerns over carbon emissions.

The top environmental stories in September were generated by Greenpeace's actions. Starting mid-month, Greenpeace members began a series of protests timed to coincide with major meetings of international leaders. First, on September 15, protesters broke into Shell's Albian Sands mine, chaining themselves to the trucks in order to disrupt production. The protest occurred during President Obama's meeting with Prime Minister Harper in Washington, with expectations that climate change would be a potential topic of conversation. The protest ended peacefully three days later, with no charges being filed against the protesters.

The break-in raised questions across Canada as to the security of oil sands operations, questions that only became louder when Greenpeace launched their second protest at the end of the month, this time entering a Suncor operation via a river and chaining themselves to conveyor belts. This protest was timed to coincide with the United Nations General Assembly meeting on climate change.

In addition to 37 internet stories on environmental and news sites, these protests were covered in 20 different stories across Canada and in the US, United Kingdom and Taiwan.

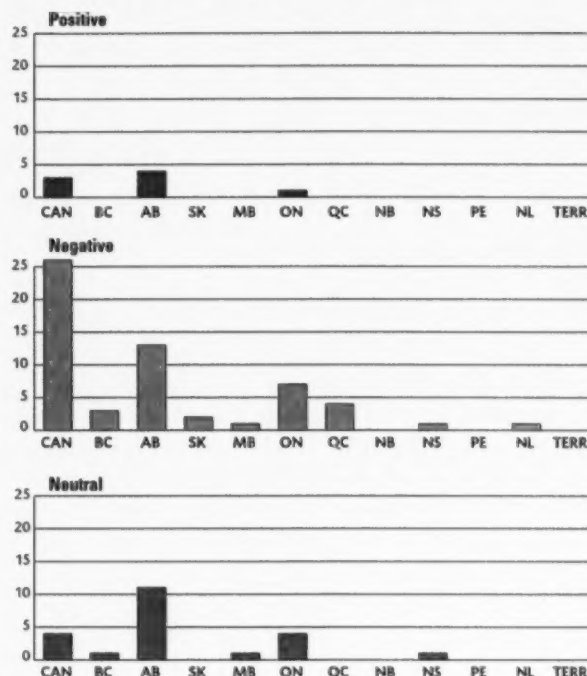
Stories covering the protests were almost entirely negative. At best, stories were neutral when covering the end of the protests. Professional handling of the situation by Shell and Suncor helped balance coverage in places, but most news coverage of the protests involved repeating phrases coined in Greenpeace news releases such as "dirty oil" and "climate crime."

There were some positive stories that arose from the protests, however. Five national outlets and one website ran criticisms of the Greenpeace protests, with one stating that climate change is a complicated topic requiring a more "grown-up" approach than what Greenpeace was providing. These criticisms were classified as positive both for attacking Greenpeace and for defending the oil sands as a necessary resource.

Environmental

Protests were not the only way in which Greenpeace made the news in September. On September 14, Greenpeace released the report *Dirty Oil: How the tar sands are fuelling the global climate crisis*, written by award-winning oil sands critic Andrew Nikiforuk. The report claims that the oil sands release more carbon into the atmosphere than smaller European countries such

Environmental stories by province (September 2009)



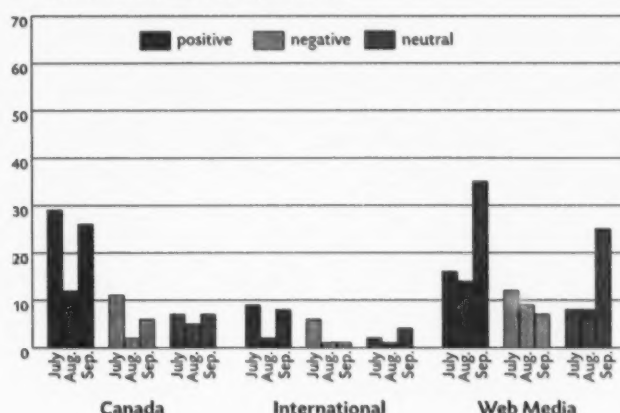
as Estonia, and that by 2020 the carbon emissions from the oil sands will be greater than those of Austria, Denmark or all of the world's volcanoes. The report also criticizes the oil sands for "cannibalizing" the province's natural gas and Canada for defending the oil sands by opposing low-carbon fuel standards. The report received online and Canadian coverage roughly on par in quantity with either of the break-in protests.

This report has drawn criticism, particularly for attempting to demonize the oil sands by comparing their carbon emissions to Estonia, a country with no significant energy industry and a population of slightly greater than one million. Between this report and the protests, Greenpeace has been criticized for not trying to be part of the climate change debate, but instead simply making noise. While both Suncor and Shell offered to talk with Greenpeace about finding common ground, Greenpeace's refusal to do so, mixed with comments by their representatives, give the impression that their goal is simply to make anti-oil sands headlines as often as possible leading up to December's international climate change conference in Copenhagen.

Greenpeace was not the only environmental group making headlines in September. The Rainforest Action Network continued its protests against the Royal Bank of Canada for investing in the oil sands. In addition, RAN launched a protest during President



Economic stories (July-September 2009)



Obama's meeting with Prime Minister Harper, suspending huge banners from bridges at Niagara Falls. The RAN protest received more coverage in the US than Greenpeace's protests, but received less coverage overall with only seven stories online and only one in a Canadian outlet.

The Alberta Clipper pipeline, approved in August by the US State Department, continued to be a topic of interest in September. Native and environmental groups have filed a legal protest against the pipeline, questioning the State Department's approval. This lawsuit was covered 16 times online and three times in international outlets, including the New York Times.

The question of what the oil industry is doing and could do better to tell their side of the story was raised in the Canadian media, particularly in Alberta. In the face of increasing protests and reports from environmental groups portraying the oil sands as "dirty oil," several experts from the PR and oil industries feel that the oil industry needs to do more to communicate the scale of the efforts they put into reducing their environmental impact and the oil sands' benefits to energy security and the economy. There was some disagreement on what strategy to use, however: one expert advocated increased use of Facebook and Twitter, while others thought this was a waste of time.

Tailings ponds were a source of environmental stories both positive and negative in September. On the negative side, the Alberta government gave all oil sands firms a deadline of September 30 to submit their plans for dealing with tailings ponds. While all firms did submit plans, they also waited until the last minute. This resulted in several stories in the Canadian and internet media on the approaching deadline, each of which mentioned the negative impacts of tailings ponds on the environment and were thus considered negative.

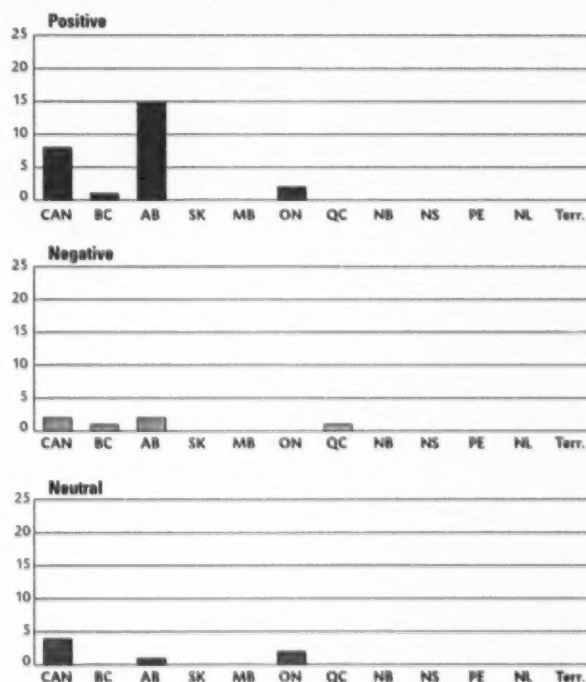
On the positive side, the University of Essex is developing a process using bacteria to break down the toxins found in oil sands tailings. If successful, this process could clean tailings pond water in days, rather than the years it currently takes for the toxins to break down naturally. Also, Houston's Rice University is working with the Government of Alberta to clean tailings water through nanotechnology.

Economic

Economic news was overwhelmingly positive in September. In the national, international and internet media, positive economic stories outnumbered negative and neutral stories combined. Web media had the highest number of neutral stories, spurred primarily by coverage of PetroChina's acquisition of a stake in the oil sands. The international media had only one negative story: an article out of France critical of the deal.

No economic story received coverage on par with PetroChina, which was the subject of 51 out of 119 economic stories in September. As in the previous three months, positive stories came from new and re-launched projects, such as Imperial's Kearl

Economic stories by province (September 2009)



project, Connacher's Algar project and a restarted upgrader at Shell's Scotford refinery.

The Conference Board of Canada released a report that caught positive attention in September. The Conference Board predicted that while the oil patch had slowed down in the last year, oil sands production will double and profits will triple by 2013. Not only did this report result in positive coverage in both Canadian and online media, the report, combined with renewed confidence from the PetroChina deal, caused an upswing in oil company stock prices, which in turn generated further positive economic stories.

The Oil Sands Trade Show and Conference took place on September 24 in Edmonton. While the conference was smaller in scale than previous years, a result of the slowdown, it remained a success and participants agreed on a sense of cautious optimism. This upbeat mood from oil and gas insiders caused several positive stories online and in Canadian papers.

One final sign of confidence in the oil sands reported on in September is Suncor's decision to focus on the oil sands over natural gas following their merger with PetroCanada.

The internet is also where the bulk of the "peak oil" debate is found: websites arguing for or against the notion that we are running out of "easy" oil—light, sweet, free-flowing crude. This debate rarely paints the oil sands in a good light. Peak oil pieces are usually neutral at best, with negative stories calling oil sands development a sign of how desperate oil companies are to find petroleum.

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